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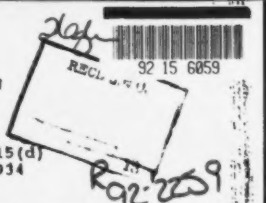
FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
450 Fifth Street, N.W.
Washington, D.C. 20549



Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1992 Commission File Number 0-17827

SECTOR ASSOCIATES, LTD.
(Exact name of Registrant as specified in its charter)

Delaware	11-2788282
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

16507 N.W. 8th Avenue Miami, FL 33169
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (305) 653-5997

N/A
(Former name and address)

Indicate by check mark whether the Registrant (1) has filed all reports to be filed by Section 13 or, 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _____.

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the close of the period covered by this Report.

21,579,108 shares of Common Stock $.005 par value were issued and outstanding at March 31, 1992.

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SECTOR ASSOCIATES, LTD AND SUBSIDIARY

Part I

Item 1. Condensed consolidated financial statements

The accompanying condensed consolidated balance sheet as of March 31, 1992, the condensed consolidated statements of operations and the condensed consolidated statements of cash flows for the three months and nine months ended March 31, 1992 and 1991 have been prepared by the Company, without audit. The above-mentioned condensed financial statements were prepared combining financial statements of the Company and ToSi, Inc. (ToSI) in a manner similar to a pooling of interests. In the opinion of management, all adjustments (which include only normal recurring accruals) necessary to present fairly the financial position, results of operations and cash flows at March 31, 1992 have been made.

Certain information and footnote disclosures normally included in financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted. It is suggested that these unaudited condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements and notes thereto included in the June 30, 1991 Form 10K. The results of operations for the period ended March 31, 1992 are not necessarily indicative of the operating results for the full year.

SECTOR ASSOCIATES, LTD. AND SUBSIDIARY

Condensed Consolidated Balance Sheets

	March 31 1992 (unaudited)	June 30 1991
Current assets:		
Cash	29,242	282,153
Receivables, net	106,515	95,900
Other	-0-	17,719
Merchandise inventory	549,563	1,948,178
Prepaid expenses	168,906	117,004
Total current assets	854,226	2,460,954
Restricted cash	-0-	600,000
Due from affiliates, net	1,899,096	1,987,056
Note Receivable	1,000,000	-0-
Leasehold rights, net	372,117	388,788
Property and equipment, net	350,119	379,086
Other assets	12,649	40,176
Total assets	4,488,207	5,856,060

Liabilities and Stockholders' Equity

Current liabilities:		
Current portion-long-term debt	-0-	3,673
Accounts payable & accrued expenses	1,075,358	2,016,500
Customers' deposits	416,984	1,278,687
Notes payable-principal supplier, current portion	171,015	315,843
Total current liabilities	1,663,357	3,614,703
Deferred credits	106,273	109,019
Note payable to principal supplier Net of current portion	28,512	-0-
Due to affiliates	1,152,806	-0-
Total liabilities	2,950,948	3,723,722

See notes to condensed consolidated financial statements.

SECTOR ASSOCIATES, LTD. AND SUBSIDIARY

Condensed Consolidated Balance Sheets (continued)

	March 31 1992 (unaudited)	June 30 1991
Liabilities and Stockholders' Equity (continued)		
Cumulative redeemable preferred stock, subject to immediate redemption by holder, at involuntary liquidation preference $100 per share or an aggregate of $400,000 at March 31, 1992 and $1,050,000 at June 30, 1991; issued and outstanding 4,000 shares at March 31, 1992 and 10,500 shares at June 30, 1991	400,000	1,050,000
Stockholders' equity:		
Preferred stock; $.01 par value; authorized 2,300,000 shares		
Series A cumulative redeemable preferred stock at fair value issuance; authorized 200,000 shares; $.01 par value; issued and outstanding 66,949 at March 31, 1992 and 58,199 at June 30, 1991; involuntary liquidation preference, $100 per share or an aggregate of $6,694,900 at March 31, 1992 and $5,819,900 at June 30, 1991	6,302,829	5,427,828
Common stock, par value $.005 per share; 50,000,000 shares authorized; 21,579,108 shares at March 31, 1992, and at June 30, 1991 issued and outstanding.	107,895	107,895
Additional paid-in capital	1,699,795	1,699,795
Accumulated deficit	(6,972,010)	(6,151,930)
Receivable for Common Stock	(1,250)	(1,250)
Total stockholders equity	1,137,257	1,082,340
Total liabilities and stockholders' equity	4,488,207	5,586,060

See notes to condensed consolidated financial statements.

SECTOR ASSOCIATED, LTD. AND SUBSIDIARY

Condensed Consolidated Statements of Operations

	Nine Months Ended March 31 (unaudited)	
	1992	1991
Sales	5,967,547	7,198,454
Cost of sales	3,848,931	4,146,907
Gross profit	2,118,616	3,051,547
Operating expenses	2,844,086	4,131,967
Operating income (loss)	(725,470)	(1,080,420)
Other income (expense)	(8,210)	149,339
Income (loss)	(733,680)	(931,081)
Less: Dividends paid on redeemable preferred stock	87,000	133,500
Net income (loss) applicable to common stockholders.	(820,680)	(1,064,581)
(Loss) income per common share	(.04)	(.05)
Weighted average common shares outstanding	21,579,108	21,173,996

See notes to condensed consolidated financial statements.

SECTOR ASSOCIATED, LTD. AND SUBSIDIARY

Condensed Consolidated Statements of Operations

	Three Months Ended March 31 (unaudited)	
	1992	1991
Sales	1,233,227	2,758,613
Cost of sales	856,375	1,576,300
Gross profit	376,852	1,182,243
Operating expenses	(646,605)	142,266
Operating income (loss)	(269,753)	(239,023)
Other income (expense)	648	181,853
Income (loss)	(269,105)	(57,170)
Less: Dividends paid on redeemable preferred stock	-0-	43,500
Net income (loss) applicable to common stockholders.	(269,105)	(100,670)
(Loss) income per common share	(.01)	(.00)
Weighted average common shares outstanding	21,579,108	21,217,108

See notes to condensed consolidated financial statements.

SECTOR ASSOCIATES, LTD. AND SUBSIDIARY

Condensed Consolidated Statement of Cash Flows
Increase (Decrease) in Cash
For the Nine Months Ending March 31, 1992 and 1991
(unaudited)

	1992	1991
Cash flows from operating activities:		
Net income (loss)	(733,680)	(931,081)
Adjustments to reconcile net income (loss) to net cash (used in) provided from operating activities:		
Depreciated	40,723	76,763
Amortization	16,670	16,671
Changes in assets and liabilities:		
Decrease (Increase) restricted cash	600,000	-0-
Decrease (Increase) receivables-net	7,102	(55,641)
Decrease (Increase) inventories	1,398,615	339,775
Decrease (Increase) prepaid expenses	(51,901)	(72,004)
Decrease (Increase) other assets	27,528	(19,223)
Increase (Decrease) accounts payable and accrued expenses	(941,141)	17,412
Increase (Decrease) customer deposits	(861,703)	424,074
Increase (Decrease) deferred credits	(2,746	(12,357)
Net cash (used in) provided from operating activities	(500,533)	(215,611)
Cash flows from investing activities:		
Net (payments) proceeds to/from affiliates	1,240,766	207,745
Increase in Note Receivable	(1,000,000)	-0-
Purchase of property and equipment	(11,156)	(50,394)
Net cash used in investing activities	229,610	157,351
Cash flows from financing activities:		
Principal repayments on notes	(119,987)	(101,318)
Proceeds from issuance of common stock	-0-	400,526
Redemption of preferred stock	-0-	(150,000)
Issuance of Preferred Stock	225,000	-0-
Dividends paid on preferred stock	(87,000)	(133,500)
Net cash (used in) provided from financing activities	18,013	15,708
Net Increase (Decrease) in Cash,	(252,910)	(42,552)
Cash, beginning of period	282,152	179,852
Cash, end of period	29,242	137,300

See notes to condensed consolidated financial statements.

SECTOR ASSOCIATES, LTD. AND SUBSIDIARY

Condensed Consolidated Statement of Cash Flows (continued)
For the Nine Months Ending March 31, 1992 and 1991
(Unaudited)

Supplemental Disclosures of Cash Flow Information

Cash paid during the period for:	1992	1991
Interest	12,460	41,623

See notes to condensed consolidated financial statements.

SECTOR ASSOCIATES, LTD. AND SUBSIDIARY

Notes to condensed consolidated financial statements

Note 1 - Summary of significant accounting policies and other information.

A. Sector Associates Ltd, (Sector) (a Delaware Corporation) (formerly SRSI Capital Group, Inc. and Action Associates, Inc.) was formed in 1985 and is approximately 66 percent constructively owned by George G. Levin. Sector has one wholly-owned consolidated subsidiary, ToSI, Inc. (ToSI), which operates retail furniture stores in the South Florida region. Under an agreement with Thomasville Furniture Industries, Inc. of North Carolina (TFI), ToSI had exclusive rights to sell Thomasville furniture in designated geographical areas. This agreement was voided on August 7, 1989, with ToSI retaining the right to sell Thomasville furniture as well as other brands of furniture.

On March 24, 1989, Sector acquired all of the outstanding common stock of ToSI, Inc. and its substantially inactive wholly-owned subsidiaries (with a fiscal year-end of March 31) from affiliates in a transaction accounted for in a manner similar to pooling of interests.

In fiscal 1991, ToSI changed its year-end to June 30 to conform with that of Sector.

On December 12, 1991 the Company entered into an Area Development and Subfranchising Agreement with Koo Koo Roo, Inc., and owner, operator, and/or franchisor of fast food restaurants featuring broiled, skinless chicken. under the terms of this Agreement the Company has been granted the exclusive rights to develop and operate Koo Koo Roo restaurants in the Greater metropolitan areas of Atlanta, Georgia and Tampa, Clearwater and St. Petersburg, Florida. In addition, the Company is to have a right of first refusal for greater metropolitan Jacksonville, Florida. In turn, the Company will agree to open a specific number of Koo Koo Roo restaurants on an annual basis in each franchised territory. In addition, after a minimum number of restaurants have been opened in each territory, the Company has the right to subfranchise within that territory.

Note 2-Related Party Transactions

A. Due from affiliates

a. At 3/31/91, the Company was indebted to ToSI for $58,370 for advances. These advances occurred subsequent to the subsidiary's fiscal quarter end (December, 1990) and therefore were not eliminated in consolidation.

Note 2-Related party transactions (continued).

b. Georgetown Manor, Inc. (Georgetown) and its wholly-owned subsidiary was indebted to the Company for $1,899,095 at March 31, 1992 and $1,987,056 at June 30, 1991 respectively. The March 31, 1992 and June 30, 1991 indebtedness includes a valuation allowance of $1,462,675, and $1,213,341 respectively, which reduce amounts due from affiliates to an amount equivalent to the appraised value (net of mortgages and anticipated selling costs) of two properties owned by Georgetown.

c. Georgetown is currently involved a plaintiff in litigation with Ethan Allen, Inc. (Ethan) arising from the termination of a business agreement. Ethan has filed a counterclaim against Georgetown, which has denied any liability, and is defending the counterclaim. During February, 1991, Georgetown received a favorable verdict and was awarded approximately $5,000,000 in net damages. However, this matter is currently under appeal.

On November 13, 1989, Georgetown granted the Company a security interest in two properties, owned by Georgetown, in which two of the Company's retail stores were located. Georgetown intends on repaying its indebtedness to the Company through any monetary judgement received from the litigation with Ethan. In the event that Georgetown does not prevail in the appeal and is unable to repay its indebtedness, The Company will look to the security interest in these properties to satisfy the receivable.

d. During the quarter ended 3/31/92 ToSI received $19,000 from Classic Motor Carriages, a subsidiary of GGL Industries, (an entity owned by the Company's majority stockholder), in exchange for a Note Payable.

e. On January 31, 1992 the Company in exchange for a promissory note borrowed $1,000,000 from GGL Industries. GGL is 100% constructively owned by Mr. Levin, the Company's majority stockholder. The note bears interest at 10% annually. Subsequently the Company entered into an agreement (the Agreement) with Enviropact, Inc. (Enviropact) whereby Sector loaned Enviropact $1,000,000 with 10% annual interest. In exchange for the loan, Enviropact issued to the Company a Note secured by the assets of Enviropact including accounts receivables. As stipulated by the terms of the agreement, the Company may obtain up to 80% ownership of Enviropact.

Principal Supplier

Thomasville Furniture, Inc. (TFI) is the manufacturer of Thomasville furniture which, during the three months and nine months ended March 31, 1992 represents approximately 87%, or $1,072,907 and 78% or $4,657,471 respectively, of the Company's sales.

On August 7, 1989, TFI and ToSI entered into a settlement

Note 2-Related party transactions (continued).

agreement to dismiss a court approved receivership. ToSI issued promissory note for $500,000, collateralized by its inventory. The promissory note is noninterest-bearing until December 31, 1989, after which time it bears interests at the rate of 18%. On December 20, 1989, ToSI and TFI agreed to extend the due date on the $500,000 promissory note to March 1, 1990, with monthly payments of principal and interest of $10,000. On May 21, 1990, the terms were modified to extend the due date to April 15, 1992 with monthly payments of principal and interest of $15,000 Interest will be at 2 points above prime rate with the payments first applied to interest and then principal. On November 1, 1991 the terms were modified to extend the Note until May, 1993.

On November 15, 1991 and pursuant to the Sixth Amendment to the Settlement Agreement between TFI and ToSI, TFI drew upon the Letter of Credit in the face amount of $600,000 and applied the proceeds to the outstanding balance of the Credit Line.

Pursuant to the Sixth Amendment to the Settlement Agreement on February 18, 1992, ToSI caused the balance of the reserve account ($100,000) to be paid to TFI for payment against outstanding invoices. The special account in which ToSI was depositing consumer payments for the purchase of TFI merchandise was subsequently closed. As of May 15, 1992, ToSI and TFI were negotiating the terms of the Seventh Amendment to the Settlement Agreement with regards to the credit line that TFI maintains for ToSI. In the interim, merchandise from TFI to ToSI has been moving based on a $150,000 credit line.

Amounts due TFI at March 31, 1992 and June 30, 1991 including the promissory note, aggregate $273,108 and $1,102.812, respectively, and are collateralized by ToSI's inventory.

Note 3-Contingencies

ToSI has been named in a lawsit with Ethan Allen, Inc. (Ethan), in which transactions between ToSI and Georgetown are being contested by Ethan. Ethan contends that since ToSI received certain properties from Georgetown it is liable to Ethan. Georgetown is also currently involved as plaintiff in a lawsuit with Ethan involving the termination of the business agreement. A favorable verdict was received on this matter during February, 1991 absolving ToSI of any liability. However, this matter is currently under appeal. It is management's opinion that the Company's consolidated financial statements will not be adversely affected by the result of this appeal.

Note 4-Capital stock

A. Cumulative redeemable preferred stock

a. Effective December 31, 1991 the Company limited to $5,500 (of which 4,000 remain outstanding) the number of shares of the Company's Series A cumulative redeemable preferred Stock that may be redeemed from the exercise of warrants.

b. Effective June 30, 1991, the Company issued 8,454 shares of Series A cumulative redeemable preferred stock with a liquidation value of $100 per share or $845,356 in the aggregate in payment of debt to companies affiliated by common control: GGL ($595,236) and Sector Investments, Inc. ($35,816) and the Company's beneficial majority stockholder ($214,304). These preferred stockholders have not waived their rights to earn or receive any dividend from the Company. Dividends in arrears at 3/31/92 on this issuance of Series A cumulative redeemable preferred stock is approximately $76,082.

c. In May 1989, the Company issued 45,745 shares of its Series A cumulative redeemable preferred stock to acquire all of the outstanding preferred stock of ToSI and the rights to accumulated unpaid dividends of 1,372.32 shares, or $137,235 if paid in cash or notes, from the ToSI preferred stock and subject to the waiver of any and all future rights to receive or earn dividends from ToSI until December 1, 1991. In May 1989, Series A preferred stockholders of 45,745 shares, affiliates related by common control, waived their rights to earn or receive any dividends from the Company until December 1, 1991. The Series A preferred stock may be redeemed after April 1, 1992, at the option of the Company, for either cash or a subordinated 12% note at a value of $100 per share. The Series A preferred stockholders do not have voting rights, except with respect to certain corporate actions which impair their rights and, in such instances, the affirmative vote of a majority of the Series A shares is required. The Series A stock accrues dividends payable at the Company's option, either in stock at the rate of 12% per annum, or in cash or notes at the rate of $100 per accumulated calculated share, payable quarterly. Dividends in arrears at 3/31/92 on this issuance of Series A cumulative redeemable preferred stock is approximately $182,980.

d. During the quarter ended March 31, 1992 the Company did not pay dividends on the original outstanding 1,450 shares of redeemable preferred stock held by its majority shareholder. Dividends in arrears on this issuance of Series A redeemable preferred stock is approximately $43,500 at March 31, 1992.

e. On February 18, 1992 the Company issued 1,080 shares of its Series A cumulative redeemable preferred stock with a liquidation value of $100 per share (or $108,000) to its President, Mr. Binder in exchange for $108,000.

Note 4-Capital Stock (continued)

f. On March 20, 1992 the Company issued 1,170 shares of its Series A cumulative redeemable preferred stock with a liquidation value of $100 per share (117,000) to its Chairman, Mr. Levin, in exchange for $117,000.

B. Common-stock

a. During the year ended June 30, 1990 the Company issued 1,015,000 shares of common stock from the exercise of Class A warrants at $.25 per share, or $151,440 net of offering costs of $102,310.

b. In July 1990, the Company issued shares of common stock resulting from the exercise of Class A warrants at $.25 per share or $400,526, of which $1,250 represents a receivable from the broker and is deducted from stockholders' equity in the consolidated balance sheet. All unexercised Class A warrants expired July 2, 1990.

C. Redeemable warrants

At March 31, 1992 the Company had outstanding Class B warrants to purchase 2,638,000 shares of the Company's common stock for $.50 per share. The Class B warrants expire June 30, 1992.

D. Redemption of cumulative redeemable preferred stock

On August 1, 1990 the Company redeemed 1,500 shares of its cumulative redeemable preferred stock, which was subject to immediate redemption by holder from the Company's majority stockholder for $150,000.

SECTOR ASSOCIATES, LTD

Management's Discussion and Analysis
of Financial Condition and Results of Operation

Results of Operations -Quarter Ended March 31, 1992

During the quarter ended March 31, 1992 the Company's major efforts have been: 1) The consolidation of ToSI's retail stores to its Kendall location; and 2) The reduction of ToSI's written to delivered sales backlog via the timely delivery of customers' merchandise. During the quarter, ToSI completed the consolidation sales at its Pompano, (Florida) and Dania (Florida) locations. On November 1, 1991 ToSI entered into the Sixth Amendment to the Settlement Agreement (Agreement) with its major supplier, Thomasville Furniture Industries (TFI). Among other things, TFI and ToSI agreed that a $500,000 Credit Line would be established by TFI for ToSI, and ToSI would continue to place receipts from customers for the purchase of TFI merchandise into a special account. The placement of consumers' receipts into a special account would assure a "free-flow" of merchandise to ToSI from TFI. The Agreement between ToSI and TFI helped to reduce the written to delivered sales backlog from $1,575,727 in December 31, 1991 to $889,220 at March 31, 1992. In February 1992, the special account was closed. TFI established a credit line of $150,000 for ToSI. It is management's opinion that the 150,000 credit line is adequate for ToSI's Kendall operations, but is currently negotiations.

Sales for the quarter ended March 31, 1992 decreased to 1,253,227 as compared to $2,758,613 for the quarter ended March 31, 1991 a decrease of $1,525,386. For the nine months ended March 31, 1992 sales were $5,967,547 as compared to $7,198,454 for the nine months ended March 31, 1991, an increase of $1,236,957 or 20.6%. The Company recognizes sales upon he delivery of the merchandise to the customer and not upon the written sale. Of the Company's delivered sales of 1,233,227 during the quarter ended March 31, 1992 approximately $252,358 (20.4%) were from the consolidation sale. For the nine months ended March 31, 1992 $1,413,299 of the Company's sales of $5,967,547 were from the consolidation sales.

Whereas the sales from the consolidation sale were of floor samples, they were not sold at ToSI's normal markup, thus reducing the Company's overall gross margin. Gross margin, as expressed as a percent of sales, for the three months and nine months ended March 31, 1992 were 30.6% and 35.5% respectively. Comparable gross margin as a percent of sales for the three and nine months ended March 31, 1991 were 42.8% and 42.4% respectively. Besides the effect the consolidation sale had on gross profit, management

Results of Operations -Quarter Ended March 31, 1992 (continued)

believes that the decline in the overall economy and local competition also selling TFI merchandise put pressure on the Company's pricing structure, thus lowering gross profit via discounts given to stimulate sales.

As the Company has consolidated its retail outlets, it has also attempted to reduce its expense structure. The problems of reducing the expense structure during the quarter and nine months ended March 31, 1992 are twofold: 1) The consolidation sale is outside the company's normal operating procedures, additional expenses have been incurred on advertising, selling, delivery and warehousing. The Company also retained the services of an outside consultant who specializes in these types of sales; and 2) In order to reduce the written to delivered backlog as quickly as possible by the timely delivery of merchandise to the consumer, the Company kept numerous parts of its operations intact including the warehousing, delivery and service departments. Operating expenses for the quarter ending March 31, 1992 were $646,605 or 42.5% of sales as compared to $1,421,266 or 51.5% of sales for the quarter ended March 31, 1991. For the nine months ended March 31, 1992 and March 31, 1991 operating expenses were 2,844,086 (47.5%) and 4,131,967 (57.5%) respectively. For the nine months ended March 31, 1992 the loss from operations decreased $197,401 to $733,680 as compared to the loss from operations of 931,081 for the nine months ended March 31, 1991.

Dividends paid or redeemable preferred stock to the Company's majority stockholder of 43,500 for the quarter ended March 31, 1991 increased the loss applicable to common stockholders to 100,670. No dividends were paid for the quarter ended March 31, 1992.

During the quarter ToSI continued the consolidation of its retail outlets, and the written to delivered sales backlog decreases, the Company accelerated its expense reductions. During the quarter ended March 31, 1992, ToSI relocated its warehouse to a smaller more cost effective facility. Personnel reductions were finalized at both the administrative and warehouse/handling levels. John Cormick, ToSI's President took over the sales manager position at the Kendall retail outlet. It is management's opinion that the Kendall retail outlet will be a profitable operation. It is also management's opinion that the Kendall store, due to its location, is less influenced by poor economic conditions and local competition than the stores that the Company has closed.

SECTOR ASSOCIATES, LTD.

Management's Discussion and Analysis
of Financial Condition and Results of Operation

Results of Operations -Quarter Ended March 31, 1992 (continued)

As it is consolidating its retail furniture business, the Company is seeking other business opportunities believed to hold a potential for profit. The Company, on December 12, 1991, entered into an Area Development and Subfranchising Agreement with Koo Koo Roo, Inc., an owner, operator and/or franchisor of fast food restaurants featuring broiled, skinless chicken. The Company has been ranted exclusive rights to develop and operate Koo Koo Roo restaurants in the greater metropolitan areas of Atlanta, Georgia, and Orlando, Tampa, Clearwater, and St. Petersburg, Florida. In addition, the Company has the right of first refusal for Jacksonville Florida. In turn, the Company has agreed to open a specific number of restaurants on an annual basis in each franchised territory. After a minimum number of restaurants have been opened in each territory, the Company has the right to subfranchise within that territory.

The Company has been granted a forty (40%) percent interest in a newly formed corporation (FCS) that intends to establish and operate cable television systems in markets where an established operator exists. Although the FCS is negotiating the Hollywood, Florida to establish such a system, there has not been a definitive agreement.

During the quarter ended March 31, 1992 the Company in exchange or a Note loaned to Enviropact, Inc., a Florida corporation engaged in the business of providing other businesses comprehensive services related to compliance with present and future local, state and federal environment regulations, $1,000,000. Via the Agreement, the Company may obtain up to 80% ownership in Enviropact.

Liquidity and Capital Resources

At March 31, 1992 the Company had a negative working capital of $809,131. Included in current liabilities is $416,984 of customers' deposits for undelivered merchandise. The Company's written to delivered sales backlog was approximately $889,220 at March 31, 1992. During the quarter ended March 31, 1992 ToSI completed the consolidation sales at its Pompano and Dania retail outlets. Proceeds from these sales were used to further reduce current liabilities including payments on open TFI invoices. Also during the quarter, ToSI received $19,000 from Classic Motor Carriages, a company affiliated by common ownership. This money

Liquidity and Capital Resources (continued)

was used by ToSI as working capital.

Subsequent to the $100,000 payment to TFI from the reserve account (established via the consolidation sale proceeds from the Pompano and Dania outlets) the Sixth Amendment to the Settlement Agreement between TFI and ToSI was finalized. TFI established a $150,000 line of credit for ToSI. It is managements opinion that the $150,000 credit line will be adequate for ToSI's short term needs. By March 31, 1992 ToSI was able to reduce its open invoices with TFI by $283,661 to $73,581 from $356,642 at December 31, 1991. The Company is currently negotiating to sublet its stores in Pompano and Dania. The Company has, in management's opinion, favorable lease rates at these stores and is hopeful of subletting the stores at a profit. The Kendall outlet is ToSI's remaining retail store and has, historically been the highest revenue generator and most profitable of ToSI's outlets.

The Company has outstanding 2,638,000 redeemable Class B Warrants. The holder of a Class B Warrant may purchase one share of the Company's Common Stock for $.50. It is the Company's intention, upon approval by the Security and Exchange Commission, to offer 2,638,000 shares of Common Stock to the holder of these Class B Warrants. The Class B Warrants are exercisable through June 30, 1992.

SECTOR ASSOCIATES, LTD.

PART II

Item 1-Legal Proceedings

There were no material changes during the quarter ended March 31, 1992 from the quarter ended December 31, 1991.

Item 2-Changes in Securities

None

Item 3-Defaults upon Senior Securities

None

Item 4-Submission of Matters to a Vote of Securityholders

None

Item 5-Other Information

None

Item 6-Exhibits and Reports on Form 8-K

A. Exhibits

1. Exhibit 10.37. Sector's Promissory Note to GGL Industries dated January 31, 1992.

2. Exhibit 10.38. ToSI's Note to Classic Motor Carriages.

B. Reports on Form 8-K
There were no reports on Form 8-K this quarter.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: 5/15/92

By: _____
Stephen R. Mifflin
Chief Financial Officer

SECTOR ASSOCIATES, LTD.

EXHIBIT 10.37

TO

FORM 10-Q

FOR THE

QUARTER ENDED

MARCH 31, 1992

PROMISSORY NOTE
(Demand - Scheduled Interest)

$1,000,000

January __, 1992
Miami, Florida

FOR VALUE RECEIVED, the undersigned, SECTOR ASSOCIATES, LTD., (the "Undersigned"), hereby promise to pay, ON DEMAND, to the order of GGL INDUSTRIES, INC., a Florida corporation ("GGL"), at its offices at 16650 NW 27th Ave. Miami ,Florida or at such other place as GGL may specify in writing to the Undersigned, the principal sum of One Million ($1,000,000) Dollars together with interest on the principal balance hereunder from January __, 1992 until payment in full of the entire principal amount of this Note at a floating rate per annum equal to ten (10%) percent. All interest on this Note shall be calculated based on a three hundred sixty (360) day year counting the actual number of days elapsed, and shall be payable in arrears on the first day of each calendar month until all principal and interest under this Note shall have been paid in full.

If a competent judicial or governmental authority should determine that the rate of interest under this Note exceeds a maximum rate permitted by applicable law or regulation, each payment of interest that exceeds such maximum rate shall be deemed a voluntary prepayment of principal.

The Undersigned and every other party endorsing or guaranteeing this Note (collectively, the "Obligors") agree that the Bank shall have a security interest in and a right of set-off with respect to all deposits or other sums credited by or due from GGL to the Obligors and a security interest in all securities or other property of the Obligors in GGL's possession for safekeeping or otherwise. GGL's security interest shall secure payment of this Note and the payment and performance of all other liabilities and obligations of the Obligors to GGL, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising. In the event of any demand under this Note, regardless of the adequacy of collateral, without any demand or notice except as required by applicable law, GGL may apply or set-off such deposits or other sums and may sell or dispose of any or all of such securities or other property and may exercise any and all the rights it may have under the Florida Uniform Commercial Code, as in effect from time to time. The rights of GGL under this Note are in addition to, and not exclusive of, any other rights it may have with respect to such deposits, sums, securities or other property under other agreements or applicable principles of law. GGL shall have no duty to take steps to preserve rights against prior parties as to such securities or other property.

The Obligors further agree that they shall pay on demand all expenses of GGL, including reasonable attorneys' fees, incurred

in the collection or enforcement of its rights under this Note or any security for it; to the fullest extent permissible, they waive presentment, demand for payment, protest and notice of nonpayment, and all other demands or notices otherwise required by law in connection with the delivery, acceptance, performance, default or enforcement of this Note; they consent to any extension or postponement of the time of payment or any other indulgence, any amendment or modification of any agreement, any substitution, exchange or release of collateral or to the additional release of any other party or person primarily or secondarily liable hereunder; no consent or waiver by GGL with respect to any actions or failure to act which, without consent, would constitute a breach of any provision of this Note, shall be valid and binding unless in writing and signed by GGL and no delay or omission of GGL in exercising any right or remedy hereunder shall constitute a waiver of any such right or remedy.

On demand of GGL, this Note and all interest accrued hereon shall become due and payable forthwith and the payment and acceptance of any sum on account of this Note shall not be considered a waiver of such right of election.

The Obligors agree that this Note shall be governed by the laws of the State of Florida. They consent to jurisdiction and service of process, which may be effected by certified mail, in the courts of the State of Florida and in the courts of the United States having jurisdiction thereof. The Obligors hereby further waive trial by jury in any action or proceeding relating to this Note.

IN WITNESS WHEREOF, the Undersigned have executed this Note on and as of the date first set forth above.

Attest:

SECTOR ASSOCIATES, LTD.

By:

SECTOR ASSOCIATES,LTD.

EYHIBIT 10.37

TO

FORM 10-Q

FOR THE

QUARTER ENDED

MARCH 31, 1992

Showcase Interiors
Thomasville Gallery®

PROMISSORY NOTE

FOR VALUE RECEIVED the undersigned, ToSI, Inc., 121 NE 179th Street, Miami, Florida 33162, herein promises to pay to the order of Classic Motor Carriages, 16650 NW 27th Avenue, Miami, Florida 33054, the sum of Nineteen thousand dollars ($19,000) at zero (0%) percent interest by July 15, 1992. In consideration therein, ToSI is also pledging the below described equipment as additional collateral against payment of this Note:

1. One 1986 Chevrolet Van, VIN #1GCDG15NOG7111138.

2. Two (2) forklifts, Model 30SP36TT, serial numbers W53831 and W53204.

IN THE EVENT that ToSI does not pay this note within the time specified, ToSI agrees to pay all costs and attorney fees reasonably required for the collection of the amount due and owing Classic Motor Carriages.

MADE this 12th day of March, 1992 at Classic Motor Carriages, 16650 NW 27th Avenue, Miami, Florida 33054.

Witness

Stephen R. Mifflin, Secretary
ToSI, INC.

Witness

Ben Harrington, President
Classic Motor Carriages

SWORN TO and subscribed before me in Dade County, Florida this ____ day of March, 1992.

Signature of Notary

SYLVIA V. HIBBERT
NOTARY PUBLIC
COMMISSION
EXPIRES
7-12-94
STATE OF FLORIDA

My Seal expires:

SYLVIA V. HIBB
NOTARY
PUBLIC
COMMISSIO
EXPIRE
7-12-94
STATE OF FLORIDA